

# Healthy RI National Health Reform Implementation Taskforce

## Insurance Market Reform/Coverage Expansion Work Group

### Notes from 6/21/10 Meeting

This group is about *health insurance reform* and *coverage expansion*.

#### 1. Coverage Expansion – Medicaid

The greatest impact on coverage from the federal healthcare law will come from expansion of Medicaid eligibility and access to subsidies for individuals with income between 133% and 400% FPL. The chart shows current eligibility for Medical Assistance in Rhode Island and the minimum eligibility levels required under PPACA in 2014.

	Current MA Eligibility	Minimum under PPACA
Children	250% FPL	133%
Parents	175% FPL	133%
Adults w/o Kids	NA	133%
Adults with Disabilities	100% FPL	133% during 2 years pending Medicare eligibility (“transition”)
Seniors	100% FPL	NA

PPACA requires states to maintain current levels of MA eligibility through 2014 for children. Eligibility for parents and others is also required unless the state is experiencing a budget crisis.

PPACA allows a state to provide coverage to adults w/o kids at 133% FPL effective 4/1/10. For newly eligible (adults w/o kids and adults with disabilities during “transition” to Medicare), state will receive 100% federal funding for 2014-2016, 95% in 2017, 94% in 2018, 93% in 2019 and 90% from 2010 onward). If state chooses to cover adults without kids prior to 2014, federal match is regular FMAP.

In 2014, individuals with income between 133-400% FPL are eligible for subsidies through the exchange.

Rhode Island provides coverage to many families through RIte Share – where the family is enrolled in the parent’s employer-based coverage and the state pays the family’s premium. Once the exchange is operative parent can gain coverage through the exchange instead of through MA. State could drop MA eligibility for parents to 133% FPL and let parent enroll in exchange coverage. This would mean that fewer families would be eligible for RIte Share and more children would be enrolled in RIte Care.

- **Issue:** Will RI maintain coverage of parents at 175% FPL until 2014?
- **Issue:** Will RI expand coverage to adults without kids prior to 2014? (All agree this will not happen given current budget situation.)

- **Issue:** Will parent eligibility be reduced to 133% FPL in 2014 when exchange is operative. What will be impact on RIte Share and what will be impact on costs for state.
- **Issue:** How will exchange and MA interact as individuals/families move into and out of MA eligibility? (Exchange group will be looking at this issue.)
- **Task:** DHS is analyzing impact of PPACA on Medicaid and RIte Care. Need to get information from DHS re: numbers of individuals expected to be Medicaid eligible who are not currently covered; cost for newly eligible; coverage and costs for parents/families in 2014.

## 2. Impact on individuals and employers

Discussion of impact of design of PPACA on employer-based coverage. Will employers stop offering coverage – or employers with higher risk employees? What's the balance of what employer must pay if employees enroll in exchange vs. providing affordable coverage? One estimate predicted that a 1/3 of employers will eliminate their employer based coverage. Noted that overall issue is rising cost of health insurance.

Individual mandate: Individuals must have coverage or pay penalty, unless financial hardship. Concern about healthy adults not enrolling and paying penalty. How will state define "financial hardship" ?

Noted that Massachusetts provides good experience for RI. We should look to see impact of employer mandate in Mass. Mass overestimated what it would cost to enroll adults w/o kids. Mass focused on coverage expansion first with plan to address cost control afterwards. Lesson from Mass is to address expansion and cost control together. This is not an issue just for this workgroup.

- **Task:** Bring the Massachusetts expertise to the full group

## 3. Health Insurance Reform

Lots of state variation in commercial insurance regulation. Intent of PPACA is to set some minimums. Many of the mandates will affect other states more than RI because our commercial market is already more in-line with what PPACA requires. For example, kids under 26 who are students are already required to be covered – PPACA eliminates "student" requirement.

TABLE titled "Federal Health Care Reform Implementation: RI Status – May 10, 2010" (prepared by OHIC):

The table describes the national commercial insurance reforms that must happen before 2014. Most have to do with the individual market. Many of requirements need development/guidance from feds – state is waiting for this before it can move forward. Example of federal/state interplay: Feds will set percentage for medical loss ratio, but state will decide what is/is not considered an expense.

Update of the high risk pool in RI:

RI must decide by Friday (6/25) whether to go with a state-based high risk pool or with federal fall back. Blue Cross has submitted proposal to operate state-based high risk pool, but is not competing to administer the federal HRP. Around 500 – 700 people in RI would be eligible. Funding for the pool is capped – RI will get \$13 m over 3 years. Eligibility is not income-based. To be eligible, individual must be uninsured for 6 months and have a chronic illness. Many people who might use the HRP in RI are receiving services at the community health centers. Not clear what these individuals may do once HRP becomes available. Also, not entirely clear who in RI might want to take advantage of HRP coverage. Funds are not available for the state to implement the HRP.

Funds will be available to states as of July 7 to enhance rate review, but the state (through the Governor) must submit application.

- **Issue:** Is RI applying for these funds?

States have option to create a basic health plan for uninsured individuals with income between 133-200% FPL who would otherwise be eligible for premium subsidies.

- **Issue:** Is this something RI should do? This is a cross-over issue with Exchange group.

#### 4. Communications

Given discussion today, group believes it would be helpful to have a one-stop site for employers and individuals to get understandable and accurate information about PPACA. Funding for a website for this could be pursued from foundations, insurers, etc.

- **Task:** Convene a workgroup with representatives from multiple perspectives to outline how a “information portal” would work.

#### 5. Miscellaneous Items and Items for Next Time:

- **Task:** Determine if another work group covers people with disabilities. A suggestion was made that if no other work group covers people with disabilities that this work group should take on that responsibility.
- **Task:** Determine, generally, how this work group overlaps with other work groups.
- **Task:** Determine what work group would handle the task of understanding the impact of the federal healthcare reform and the latitude the states have in moving within the mandates/guidelines of the reform.
- Item for discussion: How is the state government organized to do the work required for healthcare reform? What are the roles of the Governor, OHIC, etc.?

The next Insurance Market Reform/Coverage Expansion Work Group meeting will take place on Tuesday, **July 6<sup>th</sup>** from **7:45 – 9 AM** at the Rhode Island Health Center Association (**RIHCA**).

**Work Group members in attendance:**

Linda Katz  
Chris Cote  
Jane Hayward  
Don Nokes  
Emily Mellor  
Peter Asen  
Chris Koller  
Elaina Goldstein